



## 9M2015 Results Announcement

October 29, 2015

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### 9M2015 Performance Round-up



**Turnover at S\$7.1 billion, down 13%**

**Profit from Operations at S\$825.3 million, down 10%**

**Net Profit at S\$488.1 million, down 13%**

**EPS at 26.3 cents**

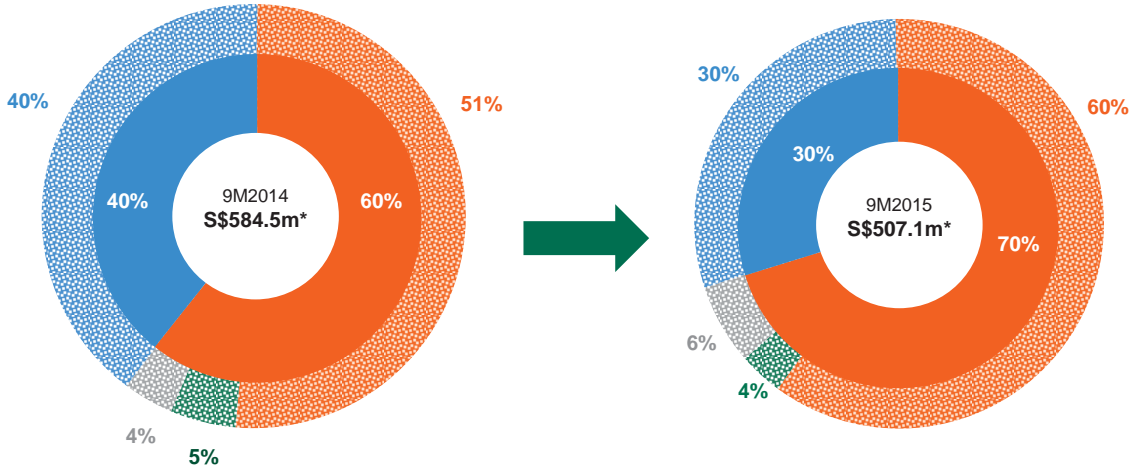
**ROE (annualised) at 11.1%**

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# Group Net Profit Mix



- ▶ Marine
- ▶ SCI Ex-Marine
- ▶ Utilities
- ▶ Urban Development
- ▶ Other Businesses



\*Excludes SCI corporate costs

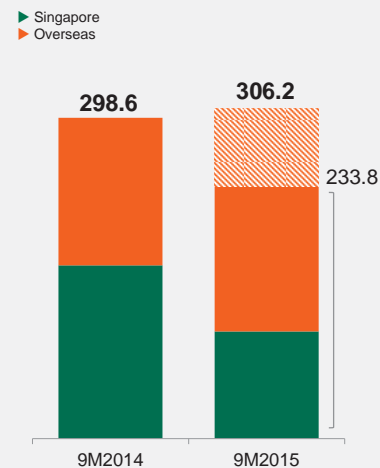
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# Utilities



## Building the foundation for long-term growth

Net Profit  
**S\$306.2 million**    ↑ 3%



Significant item: Gain on divestment of Sembcorp Bournemouth Water Investment and Zhumadian China Water

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### Highlights

#### Performance update

- Net profit up 3% underpinned by growing contribution from overseas and divestment gains
- Overseas contribution grew 12%, now comprises 63% of 9M2015 net profit
- Divestments unlocking shareholder value
  - Net gain of S\$72.4m realised from the divestment of municipal water operations in Bournemouth, UK and Zhumadian, China
  - To complete divestment of 40% stake in Australian waste management joint venture. Net gain of approximately S\$350 million to be recognised in 4Q2015
- In Singapore, YTD 2015 average spark spread lower than 2014, appears to be stabilising in the first three quarters of 2015. However, generation has increased
- One Jurong Island utilities customer in receivership – receiver has requested for Sembcorp to continue supply

#### Overseas growth strategy on track

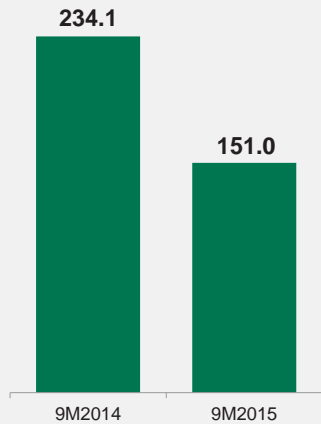
- First thermal power project in India completed
  - 1,320MW TPCIL power plant achieves full commercial operation with the completion of the second 660MW unit in September
- Expanding emerging market footprint with new power projects
  - **Myanmar:** 225MW gas-fired Myingyan IPP project.
  - **Bangladesh:** Awarded the 426MW gas-fired Sirajganj power project. Financial close expected 2016

# Marine



## Challenging market environment

Net Profit\*  
S\$151.0 million ↓36%



\*Sembcorp's share of Marine's net profit

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Contracts Secured (as at Oct 22, 2015)  
S\$2.9 billion

### Two sizeable contracts secured despite the challenging market environment

#### Construction of 3 Topsides for the Culzean field development

- Central Processing Facility plus two connecting bridges
- Wellhead platform and utilities
- Living quarters platform

Customer: **Maersk Oil North Sea UK**  
Contract value: **US\$1 billion**

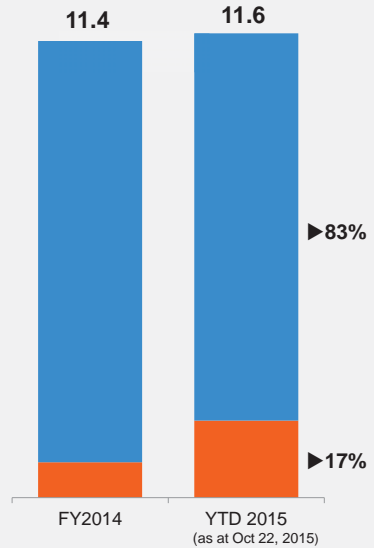
#### Construction of the world's largest semi-submersible crane vessel

- DP3 crane designed for installation and decommissioning of major offshore facilities worldwide

Customer: **Heerema Offshore Services**  
Contract value: **US\$1 billion**

Net Orderbook (as at Oct 22, 2015)  
S\$11.6 billion

- ▶ Rigs & Floaters
- ▶ Offshore Platforms



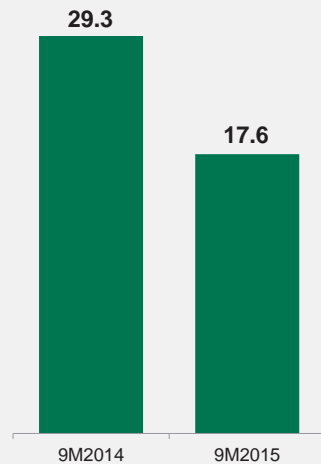
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# Urban Development



## Strong demand for industrial land

Net Profit  
S\$17.6 million ↓40%

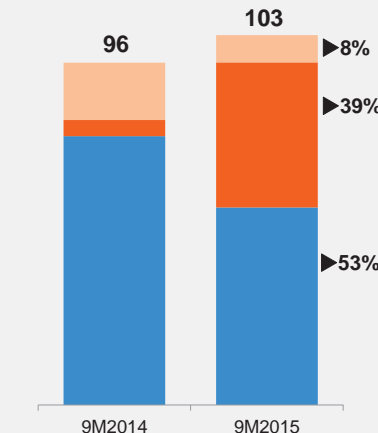


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Land Sales  
103 hectares

- Land sales improved in Chengdu

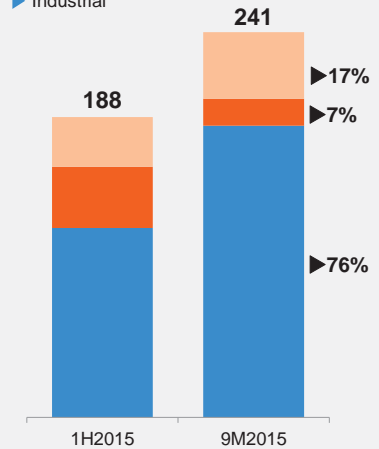
- ▶ Residential
- ▶ Commercial
- ▶ Industrial



Net Orderbook  
241 hectares

- Strong demand for industrial land
- Broke ground for 7<sup>th</sup> VSIP in Nghe An

- ▶ Residential
- ▶ Commercial
- ▶ Industrial



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# Financial Review

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## Group Profit & Loss

<b>(S\$M)</b>	<b>9M15</b>	<b>9M14</b>	<b>Δ%</b>
Turnover	7,125	8,230	(13)
EBITDA*	1,012	1,030	(2)
Profit from Operations	825	921	(10)
EBIT	705	798	(12)
Share of results: Associates & JVs	120	123	(3)
Net Finance Cost	(132)	(33)	(299)
Finance costs	(152)	(47)	(225)
Finance income	20	14	46
PBT	693	888	(22)
Tax	(93)	(137)	32
Non-Controlling Interests	(112)	(191)	41
Net Profit	488	560	(13)
EPS (cents)	26.3	31.0	(15)

\*EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs.

## Group Turnover



(S\$M)	9M15	9M14	Δ%
Utilities	3,241	3,677	(12)
Marine	3,640	4,385	(17)
Urban Development*	5	5	3
Other Businesses	239	163	47
<b>TOTAL TURNOVER</b>	<b>7,125</b>	<b>8,230</b>	<b>(13)</b>

\*Urban Development businesses comprise mainly associates or joint ventures which are accounted for under the equity method.

## Group Profit from Operations (PFO)



(S\$M)	9M15	9M14	Δ%
Utilities	472.3	394.2	20
Marine	320.0	492.9	(35)
Urban Development	20.7	32.0	(35)
Other Businesses	27.9	22.2	26
Corporate	(15.6)	(20.0)	22
<b>TOTAL PFO</b>	<b>825.3</b>	<b>921.3</b>	<b>(10)</b>

## Group Net Profit

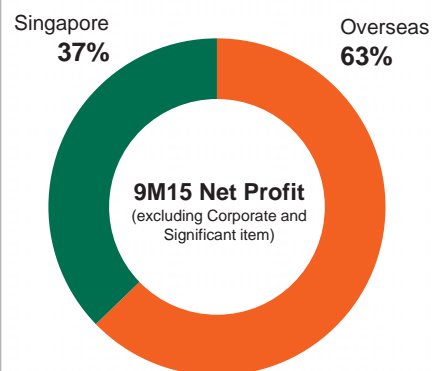


(S\$M)	9M15	9M14	Δ%
Utilities	306.2	298.6	3
Marine	151.0	234.1	(36)
Urban Development	17.6	29.3	(40)
Other Businesses	32.3	22.5	43
Corporate	(19.0)	(24.0)	21
<b>TOTAL NET PROFIT</b>	<b>488.1</b>	<b>560.5</b>	<b>(13)</b>

## Utilities Net Profit



By Geography (S\$M)	9M15	9M14	Δ%
Singapore*	99.4	160.9	(38)
Rest of ASEAN, Australia & India	32.9	45.3	(27)
China	65.1	48.0	36
Middle East & Africa	36.4	30.3	20
UK	23.0	19.0	21
The Americas	10.1	6.8	48
Corporate	(33.1)	(11.7)	(183)
Net Profit before significant item	233.8	298.6	(22)
Significant item**	72.4	-	NM
<b>TOTAL NET PROFIT</b>	<b>306.2</b>	<b>298.6</b>	<b>3</b>



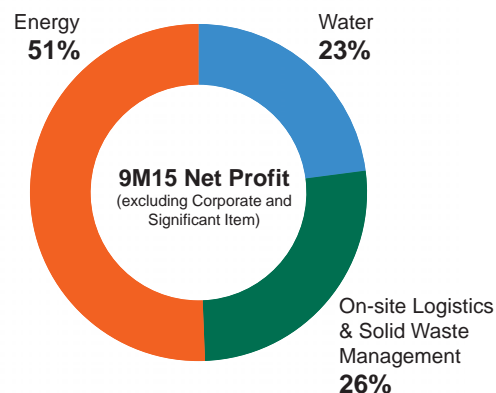
*Singapore: Net Profit breakdown	9M15	9M14	Δ%
Energy	34.8	107.0	(67)
Water	26.8	25.7	4
On-site Logistics & Solid Waste Management	37.8	28.2	34

\*\* Gain on divestment of Sembcorp Bournemouth Water Investment and Zhumadian China Water

## Utilities Net Profit



By Product Segment (\$M)	9M15	9M14	Δ%
Energy	135.1	178.1	(24)
Water	61.2	67.5	(9)
On-site Logistics & Solid Waste Management	70.6	64.7	9
Corporate	(33.1)	(11.7)	(183)
Net Profit before significant item	233.8	298.6	(22)
Significant item*	72.4	-	NM
<b>TOTAL NET PROFIT</b>	<b>306.2</b>	<b>298.6</b>	<b>3</b>



\* Gain on divestment of Sembcorp Bournemouth Water Investment and Zhumadian China Water

## Group Capex and Equity Investment



(\$M)	9M15	9M14
<b>Capital Expenditure</b>		
– Utilities	448.5	342.7
– Marine	702.8	614.1
– Urban Development	4.2	2.2
– Other Businesses	3.8	5.3
	<b>1,159.3</b>	<b>964.3</b>
<b>Equity Investment</b>		
– Utilities	383.9	235.7
– Urban Development	8.3	3.6
	<b>392.2</b>	<b>239.3</b>

## Group Free Cash Flow



(S\$M)	9M15	9M14
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
- before changes in working capital	1,026	1,021
- changes in working capital	(1,067)	(606)
- tax paid	(121)	(107)
	<b>(162)</b>	<b>308</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
- divestments, dividend and interest income	273	93
- investments and capex and non-trade balances*	(1,501)	(1,216)
	<b>(1,228)</b>	<b>(1,123)</b>
- Add back: expansion capex	1,454	1,090
	<b>64</b>	<b>275</b>

\*Payables for capital works / fixed assets

## Group Borrowings



(S\$M)	Sep 30,15	D/C ratio*	Dec 31,14	D/C ratio*
<b>Gross Debt</b>				
Corporate debt	1,196	0.08	1,322	0.11
Project finance debt	2,180	0.15	1,680	0.14
Sembcorp Marine debt	2,849	0.20	1,741	0.15
	<b>6,225</b>	0.43	<b>4,743</b>	0.40
Less: Cash and cash equivalents	(1,636)		(1,661)	
<b>Net debt / (cash)</b>	<b>4,589</b>	0.32	<b>3,082</b>	0.26

\*Total Debt-to-Capitalisation ratio



## Financial Indicators



	9M15	9M14	FY14
EPS (cents)	35.1*	41.3*	44.3
ROE (%)	11.1*	14.2*	15.2
ROTA (%)	5.5*	7.0*	7.5
Interest Cover (times)	6.6	21.9	20.8
<b>Per Share</b>			
NAV (S\$)	3.64	3.02	3.15
<b>Economic Value Added</b>			
EVA (S\$M)	(3.2)	350.1	524.7

\* Annualised

## Group Outlook



### Utilities

2015 is challenging for the Singapore energy business with continued intense competition in the power market as well as low oil prices. The overseas business is expected to continue to deliver a steady performance. In India, the TPCIL power plant commenced full commercial operation in September 2015.

With the expected completion of the divestment of its Australian waste management joint venture in the fourth quarter of 2015, the Utilities business should deliver a better performance than 2014.

### Marine

Low oil prices and the oversupply situation in the global offshore exploration segment continue to weigh on offshore rig utilisation and charter rates. Some customers are deferring or are seeking to defer the delivery of their ordered rigs. This has resulted in a delay in earnings recognition. Brazil's oil and gas industry continues to remain fraught with uncertainty.

Despite the depressed market, the Marine business has secured S\$2.9 billion in new contracts year-to-date, bringing its net orderbook to S\$11.6 billion.

In July, the business reached a key milestone in its transformation efforts with the integration of its business units under one brand. As an integrated Sembcorp Marine, the business will optimise its capabilities and capacities as well as increase its efficiency and productivity to better service its partners and customers.

While the immediate operating environment in the offshore rig building industry remains very challenging, the business remains focused on the timely and effective execution of its current orderbook and efficient working capital management. The business is confident of the long-term fundamentals of the offshore and marine industry and believes its investments in new capabilities and facilities will help ensure sustainable returns for the business, both in Singapore and at its overseas yards.

### Urban Development

The performance of the Urban Development business is expected to be weaker in 2015 compared to 2014.

### Group

Despite the challenges of a low oil price environment and a mixed global economic outlook for 2015, the Group, underpinned by sound business fundamentals and a healthy pipeline of projects, remains committed to delivering long-term value and growth.

The Group remains focused on project execution, as well as on enhancing operational excellence and efficiency, to manage costs and maximise earnings.



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## Appendix

## Group Profit & Loss



(S\$M)	3Q15	3Q14	Δ%
Turnover	2,399	3,069	(22)
EBITDA*	300	375	(20)
Profit from Operations	207	322	(36)
EBIT	186	297	(37)
Share of results: Associates & JVs	21	25	(16)
Net Finance Cost	(57)	(7)	(663)
Finance costs	(65)	(12)	(430)
Finance income	8	5	70
PBT	150	315	(52)
Tax	(11)	(52)	79
Non-Controlling Interests	(17)	(65)	(74)
Net Profit	122	197	(38)
EPS (cents)	6.3	10.9	(42)

\*EBITDA excludes major non-cash items such as the effects of fair value adjustments, re-measurements, impairments and write-offs.

## Group Turnover



(S\$M)	3Q15	3Q14	Δ%
Utilities	1,159	1,306	(11)
Marine	1,130	1,711	(34)
Urban Development*	1	1	12
Other Businesses	109	51	113
<b>TOTAL TURNOVER</b>	<b>2,399</b>	<b>3,069</b>	<b>(22)</b>

\*Urban Development businesses comprise mainly associates or joint ventures which are accounted for under the equity method.

## Group Profit from Operations (PFO)



(S\$M)	3Q15	3Q14	Δ%
Utilities	161.9	149.9	8
Marine	33.1	174.1	(81)
Urban Development	5.3	5.9	(11)
Other Businesses	12.8	7.5	70
Corporate	(5.9)	(15.0)	61
<b>TOTAL PFO</b>	<b>207.2</b>	<b>322.4</b>	<b>(36)</b>

## Group Net Profit



(S\$M)	3Q15	3Q14	Δ%
Utilities	90.3	114.1	(21)
Marine	19.6	80.0	(75)
Urban Development	4.6	4.9	(7)
Other Businesses	13.2	8.6	54
Corporate	(5.4)	(11.0)	51
<b>TOTAL NET PROFIT</b>	<b>122.3</b>	<b>196.6</b>	<b>(38)</b>

## Utilities Turnover



By Geography (\$M)	9M15	9M14	Δ%
Singapore	2,488.9	3,171.9	(22)
Rest of ASEAN, Australia & India	276.8	3.2	NM
China	114.9	107.2	7
Middle East & Africa	80.9	72.5	12
UK	266.0	318.8	(17)
The Americas	39.0	33.7	16
Corporate	-	0.1	NM
<b>TOTAL TURNOVER</b>	<b>3,266.5</b>	<b>3,707.4</b>	<b>(12)</b>

	3Q15	3Q14	Δ%
Singapore	848.3	1,139.3	(26)
Rest of ASEAN, Australia & India	159.7	0.6	NM
China	38.1	36.7	4
Middle East & Africa	29.1	26.0	12
UK	82.5	103.6	(20)
The Americas	12.2	10.7	14
Corporate	-	(0.1)	NM
<b>TOTAL TURNOVER</b>	<b>1,169.9</b>	<b>1,316.8</b>	<b>(11)</b>

Note: Figures are stated before intercompany eliminations

## Utilities Profit From Operations (PFO)



By Geography (\$M)	9M15	9M14	Δ%
Singapore	151.3	222.0	(32)
Rest of ASEAN, Australia & India	117.0	45.1	159
China	74.4	58.5	27
Middle East & Africa	39.4	33.6	17
UK	31.8	35.6	(11)
The Americas	8.9	6.3	41
Corporate	49.5	(6.9)	NM
<b>TOTAL PFO</b>	<b>472.3</b>	<b>394.2</b>	<b>20</b>

	3Q15	3Q14	Δ%
Singapore	47.1	84.0	(44)
Rest of ASEAN, Australia & India	58.6	19.8	196
China	23.3	18.5	26
Middle East & Africa	14.7	11.0	34
UK	9.7	15.4	(37)
The Americas	1.4	1.8	(21)
Corporate	7.1	(0.6)	NM
<b>TOTAL PFO</b>	<b>161.9</b>	<b>149.9</b>	<b>8</b>

## Utilities Net Profit



By Geography (S\$M)	9M15	9M14	Δ%
Singapore	99.4	160.9	(38)
Rest of ASEAN, Australia & India	32.9	45.3	(27)
China	65.1	48.0	36
Middle East & Africa	36.4	30.3	20
UK	23.0	19.0	21
The Americas	10.1	6.8	48
Corporate	39.3	(11.7)	NM
<b>TOTAL NET PROFIT</b>	<b>306.2</b>	<b>298.6</b>	<b>3</b>

	3Q15	3Q14	Δ%
Singapore	30.6	61.3	(50)
Rest of ASEAN, Australia & India	12.3	20.0	(39)
China	20.1	14.2	41
Middle East & Africa	13.8	9.7	42
UK	7.6	9.3	(19)
The Americas	2.9	2.7	6
Corporate	3.0	(3.1)	NM
<b>TOTAL NET PROFIT</b>	<b>90.3</b>	<b>114.1</b>	<b>(21)</b>

## Utilities Turnover



By Product Segment (S\$M)	9M15	9M14	Δ%
Energy	2,699.6	3,099.9	(13)
Water	301.2	344.6	(13)
On-site Logistics & Solid Waste Management	265.7	262.8	1
Corporate	-	0.1	NM
<b>TOTAL TURNOVER</b>	<b>3,266.5</b>	<b>3,707.4</b>	<b>(12)</b>

	3Q15	3Q14	Δ%
Energy	988.0	1,107.8	(11)
Water	90.2	121.6	(26)
On-site Logistics & Solid Waste Management	91.7	87.5	5
Corporate	-	(0.1)	NM
<b>TOTAL TURNOVER</b>	<b>1,169.9</b>	<b>1,316.8</b>	<b>(11)</b>

Note: Figures are stated before intercompany eliminations

## Utilities Profit from Operations (PFO)



By Product Segment (\$M)	9M15	9M14	Δ%
Energy	254.8	225.1	13
Water	84.3	99.9	(16)
On-site Logistics & Solid Waste Management	83.7	76.1	10
Corporate	49.5	(6.9)	NM
<b>TOTAL PFO</b>	<b>472.3</b>	<b>394.2</b>	<b>20</b>

	3Q15	3Q14	Δ%
Energy	99.6	84.9	17
Water	24.3	39.4	(38)
On-site Logistics & Solid Waste Management	30.9	26.2	18
Corporate	7.1	(0.6)	NM
<b>TOTAL PFO</b>	<b>161.9</b>	<b>149.9</b>	<b>8</b>

## Utilities Net Profit



By Product Segment (\$M)	9M15	9M14	Δ%
Energy	135.1	178.1	(24)
Water	61.2	67.5	(9)
On-site Logistics & Solid Waste Management	70.6	64.7	9
Corporate	39.3	(11.7)	NM
<b>TOTAL NET PROFIT</b>	<b>306.2</b>	<b>298.6</b>	<b>3</b>

	3Q15	3Q14	Δ%
Energy	40.4	67.6	(40)
Water	19.6	27.4	(28)
On-site Logistics & Solid Waste Management	27.3	22.2	23
Corporate	3.0	(3.1)	NM
<b>TOTAL NET PROFIT</b>	<b>90.3</b>	<b>114.1</b>	<b>(21)</b>